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SUBJECT: LULA BACKS CHAVEZ, CNE DIRECTOR AND OPPOSITION BALK

Classified By: POLITICAL COUNSELOR ROBERT R. DOWNES FOR 1.4 (D)

¶1. (U) During the inauguration of a second bridge connecting Venezuela and Brazil across the Orinoco River on November 13, Brazilian President Lula gave his strongest endorsement of President Chavez in years. Lula proclaimed that the same people that had elected him and the Presidents of Argentina, Nicaragua, and Bolivia, would "without a doubt" re-elect Chavez. Lula praised Chavez for proving that economic development with social justice was possible and said they should work together on Latin American integration during their second terms. Lula also took a swipe at the opposition saying that Chavez' critics, like his, came from governments that had only governed for the elite and could not accept leaders that thought differently and focused on the poor.

¶2. (U) A glowing Chavez responded praising Lula and announcing that Brasilia would be his first trip upon reelection. Chavez also announced a USD two million investment for a third bridge across the river that would be built, like the second one was, by the Brazilian company Norberto Odebrecht. The two leaders later visited the Venezuelan state of Anzoategui where Petrobras is currently involved in the certification of reserves in a block in the Faja region. Pro-government daily Diario Vea lauded the event as proof that bilateral ties and the Bolivarian revolution's influence in the region are as strong as ever.

Reaction

¶3. (U) The opposition blasted Lula's remarks, while trying to play up Chavez' failures. Speaking at a rally in Caracas, opposition presidential candidate Manuel Rosales said Lula's intervention resembled similar disrespectful incidents by Chavez in other regional elections this year. However, he promised supporters that "neither Lula, nor any other President, could save the government," which he said has failed miserably in delivering results. Rosales campaign chairman Jose Carrasquero dismissed the incident as Lula helping out a client and, thus, securing more business for Brazilian companies. He said they would not file an election complaint with the National Electoral Council (CNE) to avoid distracting from more serious issues in the campaign. Radical Cause leader and prominent labor voice Andres Velasquez called the remarks disrespectful, said Lula didn't know the reality of Venezuelan workers, and outlined how Chavez had allowed an unprecedented level of worker exploitation. Velasquez questioned why Lula would allow Chavez to manipulate him. Lone opposition-leaning CNE

director Vicente Diaz, making clear he was speaking in a personal capacity, blasted the comments as "a gross interference in Venezuelan affairs" and, on behalf of the Political Participation and Finance Committee that he heads, has formally petitioned the CNE board to sanction Lula.

Comment

¶4. (C) With this ringing endorsement, Lula appears to have reversed course from keeping Chavez at arms' length. Lula's comments won't make a difference in the election, which Chavez has long been expected to win. They do however support Chavez' credentials as a regional player and are sure to be rewarded with future business for Brazilian enterprise. The intervention also suggests Chavez has lowered the bar for interfering in others' domestic affairs in a region notoriously reluctant to do so.

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